DEFINTION OF GROSS RECEIPTS

Adopted by the Multistate Tax Commission
July 27, 2001

MTC. Reg. IV.2.(a)(5). Definitions.

"Gross receipts" are the gross amounts realized (the sum of money and the fair market value of other property or services received) on the sale or exchange of property, the performance of services, or the use of property or capital (including rents, royalties, interest and dividends) in a transaction which produces business income, in which the income or loss is recognized (or would be recognized if the transaction were in the United States) under the Internal Revenue Code. Amounts realized on the sale or exchange of property are not reduced for the cost of goods sold or the basis of property sold. Gross receipts, even if business income, do not include such items as, for example:

1) repayment, maturity, or redemption of the principal of a loan, bond, or mutual fund or certificate of deposit or similar marketable instrument;
2) the principal amount received under a repurchase agreement or other transaction properly characterized as a loan;
3) proceeds from issuance of the taxpayer's own stock or from sale of treasury stock;
4) damages and other amounts received as the result of litigation;
5) property acquired by an agent on behalf of another;
6) tax refunds and other tax benefit recoveries;
7) pension reversions;
8) contributions to capital (except for sales of securities by securities dealers);
9) income from forgiveness of indebtedness; or
10) amounts realized from exchanges of inventory that are not recognized by the Internal Revenue Code.

Exclusion of an item from the definition of "gross receipts" is not determinative of its character as business or nonbusiness income. Nothing in this definition shall be construed to modify, impair or supersede any provision of Section IV.18.